

Assistance for Trade Capacity Building in Relation to the Application of
Sanitary and Phytosanitary Measures (SPS)

Quarterly Report

For

April 1, 2003 through June 30, 2003

**Prepared by Development Alternatives, Inc. for the U.S. Agency for
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“Assistance for Trade Capacity Building in Relation to the Application
of Sanitary and Phytosanitary Measures (SPS)”, under,**

**USAID/DAI PRIME CONTRACT NO. PCE-I-00-99-00002-00
“Rural and Agricultural Incomes with a Sustainable Environment
(RAISE)”**

QUARTERLY REPORT

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This quarterly report for the “Assistance for Trade Capacity Building in Relation to the Application of Sanitary and Phytosanitary Measures (SPS)” covers the third quarter of this Project, from April 1, 2003 through June 30, 2003. The report has nine sections: Overview, Contractual, Management, Financial, Marketing, Technical Issues, New Concerns, Key Meetings, and Key Next Steps.

1. Overview

During the April-May-June quarter, RAISE SPS was consumed with the mobilization of field consultants. Two consultants completed fieldwork in El Salvador, Guatemala, Honduras, and Nicaragua for an evaluation of post Mitch SPS-related technical assistance from USAID, USDA, and other projects. Five other consultants completed fieldwork in those five Central American countries (the aforementioned four plus Costa Rica) in a mission designed to benchmark public sector SPS management capacity. Four consultants completed fieldwork in those same five Central American countries focusing on the role of supermarkets and private sector standards, and an additional three consultants finished similar field assignments on supermarkets/private standards work in South Africa and Zambia. Additionally, one consultant completed fieldwork in Morocco which made substantial progress towards an anticipated buy-in to RAISE SPS from USAID/Morocco (approx. \$250,000).

RAISE SPS continues to streamline its contractual processes with the subcontractors and with the USAID Contracts Office, especially with regard to the hiring of TCNs. Marketing activities somehow need to be strengthened since USAID/EGAT is expecting an approximate 20-25% of the core budget to be covered by field-driven programs. The Project is still awaiting the 2nd tranche of funds from EGAT (approx. \$1.2 million).

2. Contractual Issues

- In June, Cecilia Bazan replaced Rachel Earle as the DAI Contracts Specialist assigned to the RAISE SPS Project. Her DAI Supervisor will be John Peterson as Dan Brown has taken on a new function in the DAI Contracts Department. Cecilia will work closely with Charity Benson and Jeanne Skordinski in the USAID Contracts Office.

3. Management Issues

- DAI and MSU fully integrated the outstanding and separate RAISE Task Order entitled “Trends in Private Sector Agrifood Standards Driving Competition in Global Markets” into the RAISE SPS Project. RAISE SPS will not receive incremental funding of \$140,000 to undertake this work. It will be funded through the SPS core budget of \$5.7 million.
- Fixed burdened daily rates were approved for the following non-US nationals based at MSU (E.Todd, D.Thiagarajan, T.Bernardo, L.Flores, F.Balsevich) by the USAID Contracts Office.
- Negotiated, independent consulting rates were approved by the USAID Contracts Office for the following MSU-sponsored consultants (J.Berdegue, C.Aguilar, R. Lopez).

4. Financial Issues

- At the request of USAID, a pipeline analysis was submitted in May, which indicated that given the present burn rate for management, scheduled activities, and a few unanticipated buy-ins, that the project would most likely exhaust its initial tranche of \$800,000 in August. As a result, in May the CTO put in a request for the project’s second tranche of funding at a level of approximately \$1.2 million. As of June 30, this amount has not yet been received by the Project.
- During the quarter, the project incurred costs of approximately \$316,000 (some of these have yet to be billed). Through June 30, total project costs incurred are about \$550,000. A complete pipeline analysis will be presented under separate cover.
- DAI and Abt billing has been timely, but MSU billing (especially for field consultants) has experienced significant delays, which need to be improved.

5. Marketing Issues

- As a result of initial marketing efforts carried out by the CTO and the COP, initial inquiries for SPS services came in from:

RCSA/Botswana: For a potential buy-in for a comprehensive package of SPS services. DAI/MSU/Fintrac met with John Dorman (Sr. Agricultural advisor/RCSA) in DC. As a result of those discussions, DAI prepared and sent a comprehensive SOW to RCSA for possible work in the “SPS Pillar” of the RCSA-based Regional Trade Hub for South Africa. Fintrac, MSU, and DAI staff were prepared to visit the Mission and discuss the SOW. Eventually, the SOW was not favorably received by Dorman’s superiors at the Mission, and the initiative was stalled. We were told that RAISE SPS technical assistance might be welcome but only after some lengthy work in target commodity selection was completed by other contractors at the Trade Hub.

Morocco: For attendance at an ag export conference, followed by an opportunity to design a buy-in to SPS focused on the needs of several key USAID/Morocco agribusiness clients. Attendance at the conference was not possible, but the design work proceeded and is described in the “Technical” section below.

Georgia: To conduct a workshop on “Codex” training. This was discussed with representatives from DAI’s Agricultural Policy Project in Georgia. In the end, other contractors (World Learning) already in place in Georgia seemed determined to undertake this training by themselves, ignoring our offer of assistance. We were eventually advised by DAI field staff to back off and not pursue the opportunity until further notice.

Kyrgyz Republic: To assist with the development of a seal of quality program in the Fergana Valley. A response to their inquiry was sent to the Regional Mission but no response has been forthcoming. This item requires follow up.

West Africa Regional Trade Hub: Abt is pursuing a possible entry point for RAISE SPS services at the Hub. Abt is already a participant in WA Hub activities through another contract not as specifically focused on SPS issues as RAISE SPS.

- A flyer for an “International Short Course in SPS” was designed and distributed to DAI, MSU, Fintrac, Abt, and Winrock field projects to see what kind of interest could be generated for a course in August 03. Several USAID projects (Armenia, Vietnam) were interested to send candidates. Due to funding uncertainties and the long lead time required for MSU staff to adequately prepare and commit to this effort, it was decided to postpone the course until August 2004.
- Initial planning was made to attend a Johannesburg conference for USAID agriculture/enterprise officers and present a poster to market the project. The conference was postponed due to security threats associated with the Iraq conflict, but it may be rescheduled for Fall/Winter 2003.
- Creation of a Website for RAISE SPS was considered for possible use as a marketing tool. MSU is taking the lead on budgeting this activity, using expertise from their ABSP website management experience. Abt is also interested in participation.

6. Technical Issues

Global Research Studies

- There was a considerable loss of interest in the proposed deliverable entitled “Global Inventory of SPS-related Projects” due to fears of limited use by the field, and since comprehensive inventories are being maintained already by WTO, World Bank, and others. This deliverable has since been dropped from the Annual Workplan.
- There has been continued interest in the proposed deliverable on “Third Party Certification”. A SOW and a budget were submitted by MSU. Since approval of TCN’s are involved in the SOW, there is some delay involved in project launch since USAID CO approval for the TCNs must be obtained. CTO approval has been obtained.
- Fieldwork for “Trends in Private Sector Agrifood Standards” deliverable has completed in Nicaragua, Guatemala, El Salvador, Honduras, Costa Rica, South Africa, and Zambia. A final report for the Central American countries was submitted. Fieldwork for Kenya is yet to be complete and is scheduled for August/September.
- An extension of the Trends work into Andean (Peru, Ecuador, Chile?), E. European (Croatia?) and Asian (Indonesia, Thailand, Philippines?) countries is being contemplated. If it materializes it may become known as the SPS “Global Supermarket Study”, or “Trends – Phase II”. It would not be initiated until we have finished the 5-country case studies in Central America and Africa and had a favorable review by USAID for the expansion concept.

Regional Analytical Reports

- **Regional Analytical Report #1: “Benchmarking of SPS Management Capacity in Five Central American Countries (Honduras, Guatemala, Nicaragua, El Salvador, Costa Rica).”**: Fieldwork was initiated in April and was brought to completion in June. Five MSU-sponsored consultants (T.Bernardo, C.Aguilar, L.Flores, T.Reardon, J.Berdegue) and two Abt-sponsored consultants (J.Velez, J.Karpati) were utilized. All consultants are working under the supervision of the Team Leader (T.Bernardo) to complete the regional and country reports that are due as a deliverable in early July.

Evaluations

- **Evaluation #1: “Evaluation of SPS Technical Assistance Programs and Agri-business Technical Assistance Programs in Honduras, Guatemala, Nicaragua, and El Salvador”**: Fieldwork was completed in April and the draft final report was

submitted in May by Consultants Bash (DAI) and Lopez (MSU). Carol Wilson of USAID requested some considerable changes to the initial report and a revised final report was submitted in June. Carol Wilson and David Soroko are requesting a DC debriefing on the report sometime in July or August, possibly with both Bash and Lopez in attendance.

Country Specific Diagnostic Reports

Project Designs

- **Project Design #1: Development of a Technical Assistance Program to USAID/Morocco in the Area of Sanitary and Phytosanitary Measures Affecting Trade:** After making initial contact with USAID/Morocco in April, RAISE SPS worked with Richard Rousseau at USAID/Morocco and sent DAI consultant Don Humpal to Morocco for a 10 day assignment (late May) with the following SOW:

“Work closely with Mission personnel and agribusiness clients of the Mission who are engaged in the production and trade of food and agricultural goods. Listen closely to the needs of the clients and design a technical assistance package that will utilize RAISE SPS services and a pre-approved level of USAID/Morocco funds. Once designed by the Consultant and approved by USAID/Morocco, the buy-in program would be presented to the RAISE SPS CTO, COP, and Technical Director for final modification, approval, and implementation. The primary output of this assignment will be a document, written by the Consultant, approved by USAID/Morocco, which serves as a “scope of work” for a technical assistance program covering key market and product development issues, including SPS issues, of high priority to USAID/Morocco agribusiness clients.”

After completion of the fieldwork, Mr. Humpal submitted the draft design for the SPS program. USAID/Morocco requested 3 additional days of LOE for Mr. Humpal to work on stateside market analysis related to Bumpers amendment considerations relevant to the SOW. The extension was granted. In late June, Rousseau had revised Humpal’s original draft, resulting in a document that describes a technical assistance needs package for key Moroccan agribusiness export commodities (Clementine citrus, olives, fresh fruit and vegetables, etc.). RAISE SPS is now in the process of organizing consultants to carry out the program. Provisionally, Don Humpal has been assigned as Team Leader for this effort.

Technical Courses and Workshops

- RAISE SPS is in the process of designing a one- two week short course with focus on SPS/TBT food and agriculture standards, private standards, food safety policy, etc. This workshop will take place at MSU during August 2004 and will train approximately 20 international students. RAISE SPS hopes to cost share the funding of these students with the field Missions.

- Fintrac is in the process of designing training modules in Eurepgap, HACCP, IPM, and GAPs for possible quick deployment with field missions and their clients. These are 3-4 day “hands-on” workshops targeted at farmers and producer associations.

7. New Concerns

Cost of Marketing Activities: When the project was originally designed, the need to pursue buy-ins had not been made apparent to the designers. Now that we know that buy-ins must be pursued, there is no specific budget line item to cover this time-consuming and expensive type of work. Directing some core project funds to all project members for marketing purposes needs to be considered.

Mobilization of Personnel: MSU still intends to use a substantial amount of TCNs, based both in the US and abroad, in order to carry out assignments. Salary rates of these individuals must be negotiated with USAID Contracts Office, which continues to be time consuming and which has the potential to delay the initiation of missions. MSU needs to improve their track record and submit such candidates for approval as early as possible.

Similarity of “Trends” and PFID Work: As the “Trends” Project was integrated into SPS, it became apparent that most of these consultants were also working under the auspices of PFID. It will be a challenge to avoid duplication of effort with PFID and to use such consultants effectively in complicated, hybrid missions where attention to both SPS and PFID issues might be addressed. PFID focus appears to be more on the actual brokering (facilitation) of agri-food trade deals between countries, whereas RAISE SPS is more focused on analysis, design work, and training.

8. Key Meetings

- The DAI COP attended a 3-day National IPM Conference in April. Some important contacts were made with APHIS personnel which require follow up on the issue of PRAs and potential collaboration with APHIS and/or USDA/FAS.
- The COP and consultant Bash met with USAID staff (C.Wilson, S. Fondriest) in April to fine tune the CA Evaluation report for final submission.

9. Key Next Steps for Third Quarter (July - September 2003)

1. Follow up meetings with World Bank, USDA, FDA and others in order to pursue collaborative activities still needed.
2. More effective marketing campaign for the Project within USAID still needed.
3. Finish Central American deliverables (Evaluation, Benchmarking).
4. Design and mobilize a Field Team to execute the Morocco deliverable.

5. Finish “Trends” field work in Africa (Kenya) and submit final Trends report for the three African countries.
6. Plan for participation at re-scheduled AEPS conference (Joburg, October??).
7. Continue to seek opportunities at West and South Africa Trade Hubs.
8. Launch “Third Party Certification” deliverable.
9. Try to market a SOW for USAID financing of a “PRA Preparatory Manual for Consultants and other Third Parties”.
10. Follow up on Kyrghyz Republic inquiry concerning the Ferghana Valley.
11. Make go/no go decision on creating a project website.